

Minutes

Seattle City Employees' Retirement System Regular Board Meeting

Thursday, October 6, 2005 - 8:30 a.m.
Pacific Building, 10th Floor

Present: Richard McIver, Dwight Dively, Mary Norris, Paul Berry and Frank Mathews.

Absent: Norma McKinney and Lou Walter.

Also Present: Bill Farrell – ARSCE, Ken Leask – ARSCE, Bruce Jones – ARSCE, Tim Rutledge – Wurts & Associates, Norm Ruggles and Mel Robertson.

Public Comment: None.

Minutes:

Upon motion by Dwight Dively, seconded by Mary Norris, the Retirement Board approved the minutes from the September 1, 2005 Retirement Board meeting.

Ratification of Retired Payroll, Office Payroll, Other Billings and Withdrawals:

Information: The following items represent normal expenses and nothing extraordinary.

Service	\$ 5,799,384.61
Beneficiary	657,762.52
Disability	61,575.15
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Pension Payroll – September 2005	\$ 6,518,722.28
Office Payroll - pay period ending August 23, 2005	\$ 24,718.11
Office Payroll - pay period ending September 6, 2005	\$ 24,997.76
Office Payroll - pay period ending September 20, 2005	\$ 25,068.02
Vouchers Processed - from August 25, 2005 through September 29, 2005	\$ 450,632.78
* \$ 364,383.61 Expert and Consultant Services	

Immediate Withdrawal of Contributions:

<u>Member</u>	<u>Department</u>	<u>Position</u>
Bryant, Jerry A	Library	Security Officer
Cosgrove, Shannon K	Library	Library Assoc I
Crowley, James P	Library	Web Manager
Dahlin, Susan M	Seattle Center	Information Tech Prog
Fowler, Michele T	Seattle Center	Admin Spec II
Franklin, Darrel E	ESD	Customer Service Rep
Griffin, Julianna C K	Park	Cashier
Pinkney, Scharry A	Seattle Center	Utility Account Rep
Poston, Judy	ESD	Weatherization Outreach
Scruggs, Donna M	Parks	Rec Leader
Seguin, Robert H	TES	Meter Reader
Smith, Clinton E	SPU	Meter Reader
Soo Hoo, Wendy K	Legislative	Assistant City Auditor
Starr, Duane L	TES	Pressure Systems Inspector
Stenson, Margene K	SEATRAN	Utility Laborer
Yesuwan, Charles K	SPU	Division Intern

Upon motion by Frank Mathews, seconded by Dwight Dively, the Board ratified the Retired Payroll, Office Payroll, other Billings and Withdrawals.

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>	<u>Option</u>
Backiel,Dana L	8/17/2005	20	2	City Light	Deputy Superintendent	60	C10
Caravan,Walter Rees	9/7/2005	27	112	City Light	Sr. Warehouser	67	S,G-50
Evans,Garrison R	9/2/2005	6	245	Human Services	Project Funds Coordinator	70	S
Foss,Allen E	9/7/2005	22	146	Parks	Asst Facility Maint Supv	64	E
Gagnat,Robert D.	8/5/2005	23	179	City Light	Meter Electrician	55	Active Dth
Green, Loretta M	8/20/2005	30	1	City Light	Customer Service Rep	63	S
Jones,Laura Melinda	8/24/2005	24	164	SPU	Strategic Advisor 2	52	D
Kay,Suzanne H	9/1/2005	6	258	K.C. Health	Vested	62	S
Martin Jr.,Pedro	9/7/2005	32	106	City Light	Elctn Constructor CC	53	C10,F
Ramos, Virgillia O	9/6/2005	30	2	SEATRAN	Principal Accountant	61	C20,G-50
Robertson, William T.	9/7/2005	26	100	Parks	Aquarium Biologist 3	53	E
Ruybal,Marie A	9/2/2005	33	163	Muni Courts	Admin Sup Supv	55	B
Smith,Robert L	8/23/2005	33	123	City Light	Hydro Operator II	60	D,F
Stinnett,Marvin L.	9/7/2005	25	5	City Light	Sr. Dispatcher	62	B
Wright,Michael D	9/7/2005	28	122	City Light	Elctn Con Wkg CC	54	C20,F

Upon motion by Dwight Dively, seconded by Mary Norris, the Retirement Board approved the service retirements listed above, pending final review.

Last month 31 members withdrew or retired, and 70 new members entered the System.

Ratification of Investment Transactions and Statement of Securities and Cash:

Norm highlighted items in the Investment Summary report for August 2005. Mel commented on likely investment results in September.

Upon motion by Dwight Dively, seconded by Frank Mathews, the Retirement Board approved the Investment Summary report.

Investment Committee Report:

The Investment Committee is scheduled to meet at 10:30 a.m. on Thursday, October 27, 2005 in the Retirement Office.

Norm reported on the Investment Committee meeting held on Thursday, September 29, 2005. He mentioned that later in the meeting the results of the Asset Allocation Study would be presented by Tim Rutledge of Wurts & Associates, along with a recommendation from the Committee.

Norm then said that the Committee intends to make a recommendation to the Board regarding the former Amerindo portfolio in the near future. Open Field Capital is currently managing this portfolio on an interim basis.

Executive Director Report:

Norm handed out a copy of the City Auditor's report that reviewed the implementation of the recommendations from their 2000 audit of the Retirement System. Norm commented that of the 10 items mentioned in the report, 7 are complete, 2 are partially complete and one remains in progress.

Norm told the Board that the IRS has acknowledged our application for a qualification update and that the process is underway. It will take several months to complete the process and receive a determination.

Paul Berry joined the meeting at 8:46 a.m.

Norm said he was gathering input for the 2006 meeting schedule and asked the Board if they wished to continue meeting on the same day and time each month, in the coming year. The Board will discuss the matter further, before the end of the year.

Old Business:

(1) Status of Benefit Enhancements

The Board was informed that the estimated current funding level of the Retirement Fund is 88.70% as of August 31, 2005.

New Business:

(1) Asset Allocation Study (Tim Rutledge – Wurts & Associates)

Norm explained the process that was undertaken and introduced Tim Rutledge from Wurts & Associates to present the results of the asset allocation study. Tim presented the information to the Board and explained the input assumptions for each asset class including projected returns, risk and correlation. Tim commented on the process of how his firm develops the risk and return assumptions that are used in the model, including a comparison of their assumptions with those of other consulting firms, and other large institutions, to make sure their assumptions are reasonable and prudent. Overall, the goal was to maintain a similar risk level as we have had in the past. After review, the Investment Committee is recommending that the Board approve the following allocation: domestic equities, 48%; international equities, 10%; domestic fixed income, 14%; real estate, 12%; alternatives, 10%; mezzanine debt, 5%; cash, 1%. The Board asked questions and discussed the study and recommendation. The projections indicate this allocation will slightly increase our return and decrease our risk level.

Upon motion by Paul Berry, seconded by Dwight Dively, the Board voted to approve the recommended asset allocation.

The Board then considered the Investment Committee recommendation to reduce the amounts being managed by Western Asset and Reams, on a pro rata basis, to fund the additional amounts needed for real estate and the new mezzanine debt investments.

Upon motion by Dwight Dively, seconded by Paul Berry, the Board voted to approve the recommendation to reduce the amounts being managed by Western Asset and Reams, on a pro rata basis, to fund the additional amounts needed for real estate and the new mezzanine debt investments.

Norm requested the Board to authorize the revision of the Investment Policy to reflect the necessary changes as a result of the Asset Allocation Study.

Upon motion by Dwight Dively, seconded by Paul Berry, the Board directed staff to make the necessary changes to the Investment Policy as a result of the Asset Allocation Study.

(2) Executive Session (Potential Litigation)

The Board moved to closed session at 9:20 a.m., to discuss potential litigation. No decisions were made or actions taken.

The Board returned to open session at 9:36 a.m. and invited those previously in attendance back into the room.

Adjournment

Upon motion by Dwight Dively, seconded by Mary Norris, the Retirement Board voted to adjourn the meeting at 9:36 a.m.

Norma McKinney, Secretary